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## *Market Fundamentalism' is an Obstacle to Social Progress*



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A changing world order, a shrinking U.S. empire, migrations and related demographic shifts, and major economic crashes have all enhanced religious fundamentalisms around the world. Beyond religions, other ideological fundamentalisms likewise provide widely welcomed reassurances. One of the latter—market fundamentalism—invites and deserves criticism as a major obstacle to navigating this time of rapid social change. Market fundamentalism attributes to that particular social institution a level of perfection and “optimality” quite parallel to what fundamentalist religions attribute to prophets and divinities.

Yet markets are just one among many social means of rationing. Anything scarce relative to demand for it raises the same question: Who will get it and who must do without it? The market is one institutional way to ration the scarce item. In a market, those who want it bid up its price leading others to drop out because they cannot or will not pay the higher price. When higher prices have eliminated the excess of demand over supply, scarcity is gone, and no more bidding up is required. Those able and willing to pay the higher prices are satisfied by receiving distributions of the available supply.

The market has thus rationed out the scarce supply. It has determined who gets and who does not. Clearly, the richer a buyer is, the more likely that buyer will welcome, endorse, and

celebrate “the market system.” Markets favor rich buyers. Such buyers in turn will more likely support teachers, clerics, politicians, and others who promote arguments that markets are “efficient,” “socially positive,” or “best for everyone.”

Yet even the economics profession—which routinely celebrates markets—includes a sizable—if underemphasized—literature about how, why, and when free (i.e., unregulated) markets do not work efficiently or in socially positive ways. That literature has developed concepts like “imperfect competition,” “market distortions,” and “externalities,” to pinpoint markets failing to be efficient or benefit social welfare. Social leaders who have had to deal with actual markets in society have likewise repeatedly intervened in them when and because markets worked in socially unacceptable ways. Thus, we have minimum wage laws, maximum interest-rate laws, price-gouging laws, and tariff and trade wars. Practical people know that “leaving matters to the market” has often yielded disasters (e.g., the crashes of 2000, 2008, and 2020) overcome by massive, sustained governmental regulation of and intervention in markets.

So then why do market fundamentalists celebrate a rationing system—the market—that in both theory and practice is more replete with holes than a block of Swiss cheese? Libertarians go so far as to promote a “pure” market economy as a realizable utopia. Such a pure market system is their policy to fix the massive problems they admit exist in contemporary (impure) capitalism. Libertarians are forever frustrated by their lack of success.

For many reasons, markets ought not claim anyone’s loyalty. Among alternative systems of rationing scarcity, markets are clearly inferior. For example, in many religious, ethical, and moral traditions, basic precepts urge or insist that scarcity be addressed by a rationing system based on their respective concepts of human need. Many other rationing systems—including the U.S. version used in World War II—dispensed with the market system and substituted a needs-based rationing system managed by the government.

Rationing systems could likewise be based on age, type of work performed, employment status, family situation, health conditions, distance between home and workplace, or other criteria. Their importance relative to one another and relative to some composite notion of “need,” could and should be determined democratically. Indeed, a genuinely democratic society would let the people decide which (if any) scarcities should be rationed by the market and which (if any) by alternative rationing systems.

Market fetishists will surely trot out their favorite rationalizations with which to regale students. For example, they argue that when buyers bid up prices for scarce items other entrepreneurs will rush in with more supply to capture those higher prices, thereby ending the scarcity. This simple-minded argument fails to grasp that the entrepreneurs cashing in on the higher prices for scarce items have every incentive and many of the means to prevent, delay, or block altogether the entry of new suppliers. Actual business history shows that they often

do so successfully. In other words, glib assurances about reactions to market prices are ideological noise and little else.

We can also catch the market fetishizers in their own contradictions. When justifying the sky-high pay packages of mega-corporate CEOs, we are told their scarcity requires their high prices. The same folks explain to us that to overcome scarcity of wage labor, it was necessary to cut U.S. workers' pandemic-era unemployment supplement, not to raise their wages. During times of scarcity, markets often reveal to capitalists the possibility of earning higher profits on lower volumes of product and sales. If they prioritize profits and when they can afford to bar others' entry, they will produce and sell less at higher prices to a richer clientele. We are watching that process unfold in the United States now.

The neoliberal turn in U.S. capitalism since the 1970s yielded big profits from a globalized market system. However, outside the purview of neoliberal ideology, that global market catapulted the Chinese economy forward far faster than the United States and far faster than the United States found acceptable. Thus the United States junked its market celebrations (substituting intense "security" concerns) to justify massive governmental interventions in markets to thwart Chinese development: a trade war, tariff wars, chip subsidies, and sanctions. Awkwardly and unpersuasively, the economic profession keeps teaching about the efficiency of free or pure markets, while students learn from the news all about U.S. protectionism, market management, and the need to turn away from the free market gods previously venerated.

Then too the market-based health care system of the United States challenges market fundamentalism: the United States has 4.3 percent of the world population but accounted for 16.9 percent of the world's COVID-19 deaths. Might the market system bear a significant share of the blame and fault here? So dangerous is the potential disruption of ideological consensus that it becomes vital to avoid asking the question, let alone pursuing a serious answer.

During the pandemic, millions of workers were told that they were "essential" and "front-line responders." A grateful society appreciated them. As they often noted, the market had not rewarded them accordingly. They got very low wages. They must not have been scarce enough to command better. That's how markets work. Markets do not reward what is most valuable and essential. They never did. They reward what is scarce relative to people's ability to buy, no matter the social importance we give to the actual work and roles people play. Markets pander to where the money is. No wonder the rich subsidize market fundamentalism. The wonder is why the rest of society believes or tolerates it.

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